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Estimating the Economic Impact of the New Arena at the Kentucky Horse Park

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Estimating the Economic Impact of the New Arena at the Kentucky Horse Park
Capstone Project

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Executive Summary

For the first time in its history, the World Equestrian Games (WEG) will be held outside of Europe in 2010. Kentucky has won the bid to host the event at the Kentucky Horse Park (KHP) in Lexington. The games will last two weeks in the fall of 2010 and organizers estimate ticket sales of 300,000, and over 1,000 athletes from 50 countries are expected to compete (Commonwealth of Kentucky).

However, for the Horse Park to be a suitable location to host WEG, it must have a climate controlled indoor arena. The current proposal for the arena plans for a 6,000 seats, 200,000 square feet, climate controlled arena which would result in a $35 million bonded project (Nicholson). According to Mr. John Hicks of the Kentucky Office of the State Budget Director, the annual debt service is estimated to be $3,343,000 which represents tax-exempt bonds for a 20 year term at an estimated interest rate of 6.5%. The debt service is to be collected out of the general fund. The Fletcher administration has argued that the arena will continue to generate revenues well after the completion of the 2010 WEG by attracting shows that the Horse Park could not previously host without a climate controlled arena. Consequently, the administration argues, the arena would eventually pay for itself. It is the object of the paper is to verify whether or not it is possible, and if it is, when is the likelihood.

Mr. John Nicholson, Executive Director of the KHP, has compiled a list of events targeted for relocation at the Horse Park. Previously, these events could not come to the Park because a climate controlled arena was necessary for their events. Furthermore, some events already located at the KHP would rather be in the future arena than on the outdoor facilities. Their moving to the arena would free up outdoor facilities that could be used to recruit other events. Therefore, the events that would come from elsewhere to relocate in the arena and in the newly freed up outdoor facilities would all bring revenues that can be directly associated with the arena. Mr. Nicholson linked a net income to each of these events with a formula taking in consideration the number of horses, people and the duration of the event. But the direct income generated from events at the KHP is not the only way that these events would generate money. Many of these events are located in Oklahoma, Georgia or Texas. If these events relocate to Lexington, it would bring in people that would stay in hotels and eat in restaurants. For this reason, a formula taking this into account has been designed. Although the revenues from the events and the revenues from the sales tax go in different accounts, this study wants to look at Kentucky as a whole and to find out the real impact on taxpayers. The model couples these revenues together and matches a probability with it to obtain the expected revenues of each event and then compares it with the debt service.

The results of the study show the annual deficit the arena would have in meeting its debt service if we allocate the events equally (fair share) to the 11 venues competing for them. In this case, the arena would generate approximately between $659,591 and $476,391 depending on the rotating events and its debt would consequently vary between $2,683,409 and $2,866,609. If the top 16 grossing events (above $100,000 in net income) are isolated by keeping the probability of obtaining the 16 less profitable events at the "fair share" level, then it is possible to find the probability needed to obtain the most lucrative events in order to meet the debt service. According to the model, the KHP must have between 73.5% and 78.5% chance of obtaining every single one of the top 16 events

to meet its debt service. The opposite calculation-isolating the 16 less profitable events by leaving the top 16 at the fair share level-shows that it is mathematically impossible for the Park to meet its debt if it only has a "fair share" of the top 16 grossing events. Lastly, the probability of obtaining all the events if we set all of them equal in order to pay off the debt service varies between 59.5% and 63.5%, again depending on the rotating events. The model can also demonstrate the impact on total expected revenues of increasing the probability by 1%. If the probability of obtaining all the events is increased by 1%, total expected revenues will in turn increase by $52,933. If the same task is performed on the 16 top grossing events the impact is $41,328, and $11,305 for the 16 less profitable events. In the event that the Park secures the 2 most grossing events (Arabian Nationals and Morgan Nationals), it would be better off by some $600,000 than if it got its fair share of every events. If the Park was to obtain the 4 most grossing events, it would take care of half its debt service

By in large, the results of the model tell us that it is almost impossible to have the arena generate enough revenues-both directly and indirectly-to meet its debt service. The study also finds out that the arena can only be responsible for $3 million of the economic impact of the WEG and would therefore not have an important impact over the lifetime of the bond. Since the project is already well on its way, the results of the model would recommend to the KHP to focus its entire recruiting efforts on a few top grossing events to minimize the annual deficit caused by the arena.

Problem Statement

In 2010, for the first time in its history, the World Equestrian Games (WEG) will be held outside of Europe. Kentucky has won the bid to host the event at the Kentucky Horse Park (KHP) in Lexington. The games will last two weeks in the fall of 2010 and organizers estimate ticket sales of 300,000, and over 1,000 athletes from 50 countries are expected to compete. The event will be aired live from the Kentucky Horse Park to 40 countries and reported by more than 1,000 journalists from around the world.

However, for the Horse Park to be a suitable location to host the WEG, it must have a climate controlled indoor arena. In 2005, $1.5 million has already been appropriated for design by the state legislature. The current proposal for the arena plans for a 6,000 seats, 200,000 square feet, climate controlled arena which would result in a $35 million bonded project (see Appendix for pictures).

The Fletcher administration has argued that the arena will continue to generate revenues well after the completion of the 2010 WEG by attracting shows that the Horse Park could not previously host without a climate controlled indoor arena, and would therefore eventually pay for itself. The object of this study is to verify the claim made by the administration that the new arena will create enough revenues through new horse events' fee and tax revenues from hotel and restaurant use to meet the annual debt service.

Introduction

Kentucky Horse Park's Description

The KHP is Kentucky's largest state-owned tourist attraction and is a part of the Commerce Cabinet. The Park was sold to the Commonwealth of Kentucky by Mary Edwards in 1972, and the Park opened as the KHP in 1978 at a cost of $35 million (including interstate entry/exit ramps). Located in the heart of the Bluegrass, the KHP is a 1,200 acres working horse farm that features two museums, twin theaters, and some 50 breeds of horses (Commonwealth of Kentucky). The KHP is a tourism attraction that also hosts equestrian competitions and a variety of horse-related events. The Kentucky Economic Development Cabinet has calculated that the Park has an economic impact on the Bluegrass of $135 million annually, whereas the KY Department of Travel fixed the amount at $164 million. The Park also includes the International Museum of the Horse, a campground, the Hall of Champions (home of retired horse legends) and is the home of the National Horse Center, a collection of 26 equine management associations and organizations. The Park also comprises 2 international all weather hunter/jumper rings, 3

all weather hunter/jumper rings, 5 dressage rings, a jumping stadium, a steeplechase course and infield, 6 polo fields, and a ½ mile racetrack. Recently, the park has been host to two international equine art expositions important in stature: Imperial China in 2000 and All the Queen's Horses in 2003(Discover Horses).

Details about the future Arena

The KHP is one of the leading facilities in the world for outdoor events. However, without a climate controlled indoor arena, it is impossible for the Park to compete for large indoor events. Currently, cities such as Tulsa, Oklahoma City, Perry, Ga, and Forth Worth, TX have such indoor facilities. The proposed arena would have 200,000 square feet, 6,000 seats, and the competition surface would be 340'x190'. The arena is scheduled to be ready to book events for the winter of 2007-08.

The main reason for the construction of the arena is to host the WEG. The WEG are comprised of 7 equestrian world championships: show jumping, dressage, eventing, driving, reining, vaulting and endurance riding. The Games take place every four years, two years before the Olympic Games (Commonwealth of Kentucky). Base on estimates from past location that have host the Games, it could have an economic impact of over $100 million. The city of Aachen, Germany, expects an economic impact of $275 million for the 2006 games (Ward).

The Governor's budget recommendation includes bond funding for a new indoor arena at the Kentucky Horse Park in the amount of $34,820,000. According to Mr. John Hicks of the Kentucky Office of the State Budget Director, the annual debt service is

estimated to be $3,343,000 which represents tax-exempt bonds for a 20 year term at an estimated interest rate of 6.5%. The debt service is to be collected out of the general fund.

Information about similar venues (Competition)

In the list of targeted events compiled by the KHP, there are 10 competitors that currently hold events that the Horse Park wants to acquire: Fort Worth, TX; Lexington, VA; Perry, GA; Murfreesboro, TN; Columbus, OH; Red Mile, Lexington, KY; Oklahoma City, OK; Tulsa, OK; Amarillo, TX; and Springfield, IL. More details about 6 similar venues and have been collected by Mrs. Nicole Rivera of the KHP and are available in the appendix. All in all, the seating capacity ranges from 1,934 at John Justin Arena in Fort Worth to 14,456 at Freedom Hall in Louisville. Most of the facilities have a seating capacity of about 4,000 people. The per stall night rate vary from $13 to $25 and even $50 in one case. The rates are slightly higher than the will be arena ($10) at the KHP because maintenance costs have been factored in to reflect net income (Rivera).

Literature Review

Quoting a panoply of authors, Siegfried and Zimbalist (2000) establish that there is "no statistically significant positive correlation between sports facility construction and economic development (103)." Furthermore, the authors argue that public expenditures created by operating a major sports facility usually exceed revenues produced by it because of "infrastructure maintenance, environmental remediation, incremental sanitation, security expense, probable cost overruns, and subsequent facility enhancement (108)." One of their important points is that the money used to build the facilities have an

opportunity cost. Moreover, they believe there is no empirical evidence that proves major sport facility increase tourism by "putting a city on the map." They also maintain that these results are in sharp opposition with promotional studies done by consulting firms hired by local chamber of commerce. According to the authors, most academic research on the matter has not used projection, but it rather compares the economic performances of areas that have stadium and arenas with those who do not. For example, in a cross-section study, Baade (1994) found no difference in income growth between 36 metropolitan areas that were home to a professional team versus 12 that were not between 1958 and 1987. In a time series study, Baade and Sanderson (1997) found that sports team only causes a "reordering of leisure expenditures." More to the point, Coates and Humphreys (1999) found that new stadiums and sports teams decreases per capita income in the region where they are located. Weiner (2004) argues that tax-exempt bonds used to finance sports facilities can be summarized as federal taxpayers paying for the lower interest rates, between 2 percent and 4.5 percent below the interest rate for similar long-term taxable corporate bonds. Although public financing of sports facility destine for major league teams is usually not economically viable, Weiner outlines four reasons why it still happens frequently: "(1) the importance of sports in everyday culture, (2) the belief that sports act as an 'economic engine,' (3) the monopoly position of professional sports teams, and (4) the power of local politicians. (56)" Lastly, Quirk and Fort (1992) have also found that publicly funded sports facilities consistently fail to generate enough direct benefits to cover their full opportunity cost.

Methodology

The list of events targeted for relocation at the KHP along with their descriptions was compiled by Mr. John Nicholson, Executive Director of the Park. According to Mr. Nicholson, the list could be longer, but it represents what the KHP administration believes is realistic for the first five to ten years of the arena. For this reason, it is probably more appropriate for the results of this study only to apply to the same time period.

Events that could come to the KHP and use smaller venues if events currently held at the KHP moved to the new Arena

Paint Horse Nationals
AQHA Bayer Select World Championships
Pinto Nationals
U.S. Team Roping Championships
National Cutting Horse Championships
Three State or Regional Specialty Breed Competitions
American Miniature Horse Nationals
Junior League Horse Show
Paso Fino Nationals
Two State or Regional Discipline Competitions
Draft Horse Nationals
Mountain Pleasure Horse Nationals
AQHA Regional Experience
Welsh Cob American National
Four Clinics or Symposium type events
Four Medium Size Concerts
Winter Saddlebred Show
Friesian National
Andualusian Nationals

Equestrian Events targeted for Relocation to the new Arena

Arabian Nationals
Morgan Nationals
FEI Reining World Championships
Hunter/Jumper Horse of the Year Show
World Cup Show Jumping
National Show Horse Finals
National Reining Horse Regional Finals
World Cup Dressage
Rolex/USEF National Show Jumping Champ.
Morgan Gold cup
USEF Dressage National Championships
USEF Vaulting Championships
USEF National Freestyle Championships

The model illustrates the amount of debt or surplus associated with any probabilities we choose to give each event. It is also understood that the bonds are out of the general fund and that the Park keeps its revenues but this study is intended to look at Kentucky as whole.

The revenue generated by the arena is composed of three numbers. The first number is the net income associated with each event, again compiled by Mr. Nicholson, is "based upon an amount equal to $10 per stall night, which includes ancillary income, such as increases in other facility rentals, concession and retail sales. Some events have higher estimated net incomes due to larger spectator attendance and longer duration which reduces costs (Nicholson)."

The second number is the tax revenues that can be directly associated to the new arena and are compiled as followed. The number of tickets sold (see column J in Appendix) is basically the number of people attending the show multiplied by the duration in days of the event. This number is in turn multiplied by a conservative estimate of the money each one of these visitors will spend in a given day. This accounts for a hotel room at $72 (Moody) a night and three meals at $10 a day. This amount is then multiplied by the Kentucky sales tax. Kentucky state sales tax is 6 %, and there is a hotel tax of 6 % and a state fee of 1%, bringing the total tax on hotel rooms to13.4%. However, these latter hotel tax revenues belong to the county and they will not be included for that reason (visitlex.com). Also, not all attendees are out-of-state visitors bringing "new monies" to the state. Mr. Nicholson estimates that that for most shows, 60% of attendees are from out-of-state. This condition is factored in the formula for tax revenues to make sure the figures represent "new monies". And finally, the results are multiplied by the probability of getting the event.

*((Attendees/day *((avg. hotel rate + meal money)*sales tax rate)) * Percentage of attendees from out-of-state) * probability of obtaining event = expected total sales tax revenues for the event*

Some events elect permanent homes while others rotate among sites (10 rotating events). The third number comes from the events that rotate. Events usually sign 2 to 3 years contracts with venues, which on a 10 year period, results in 5 to 3 contracts available for KHP and its competitors to fight among each others to contract these events out. For simplicity sakes, let just consider 2 years contracts. This will be factored in 3 different estimates: a positive estimate (KHP gets 2 contracts out of 5), a conservative estimate (KHP gets 1 contract), and a pessimistic estimate (KHP gets 0 contract). Using the different estimates, it will be possible to get the average yearly income associated with the events that rotate by multiplying the events' net income by the 2 (contract duration) and by the number of contracts according to the different estimates, and finally dividing the result by 10 (years). The result is the average expected revenue for one year.

Net Income x 2 x 2)/10 = Average Expected Revenue

The first two numbers, net income and tax revenues, added together can then be associated with a probability of obtaining the event which gives us the expected revenue of the said event. The rotating events do not need to be associated with a probability since they are already the average for the 10 year period. They are only added to the total expected revenues.

Using this method allows us to find out what will be the expected revenues the arena will create if the KHP gets its "fair share" of events with its competitors. "Fair share" means that the KHP and its 10 competitors all get an equal share (9%) of the 32 events. It also allows us to isolate the top grossing events and the less profitable events to give us a picture of their respective importance in the arena meeting its debt service. For example, by keeping the probability of obtaining the less profitable events at the "fair share" level, we can isolate the more profitable events by giving them the probability needed to meet the debt service. It is also possible to put all the events on the same level and find out what probability given to all the events will allow the KHP to break even. It would also be interesting to increase the probabilities by 1% and observe the impact on expected revenues.

The last step is to compute what share of the WEG the arena can be accounted for. To achieve this, all the costs associated with hosting the WEG are divided by the amount of the arena to find out what percentage of the Games' revenues can be attributed to the arena.

(Total Costs for WEG)/ Cost of Arena = Percentage of WEG Revenues Arena is Responsible for

The analysis that follows represents a "sample" year of the first 10 years of the bond and the results can be sometime generalized for the entire 10 years, and sometime it cannot. Fore example, if a 100% probability is given to an event on year 4, it would be similar to hypothesize that the KHP had obtained this event and would have it for the

remaining 6 years of our time frame of interest. The results of this model could therefore be generalized to the remaining 6 years in question. On the other hand, if we give the Park its "fair share", then the results can be generalized to the entire 10 years. Basically, unless we give anyone event a 100% probability, the results can be extrapolate to the entire 10 years.

Results

First, **Table 1** shows four different results. The first column shows the annual deficit the arena would have in meeting its debt service if we allocate the events equally to the 11 venues competing for them. In this case, the arena would generate approximately between $659,591 and $476,391 depending on the rotating events and its annual debt would therefore vary between $2,683,409 and $2,866,609. The second column is designed to isolate the top half grossing events (above $100,000 in net income). To achieve this, we keep the probability of the 16 less profitable events at the "fair share" level and find out what probability is needed to obtain the most lucrative events in order to meet the debt service. According to the model, the KHP must have between 73.5% and 78.5% chance of obtaining every single one of the top 16 events. The third column is intended to perform the same task for the 16 less profitable events but it is mathematically impossible for the Park to meet its debt if it only has a "fair share" of the top 16 grossing events. Lastly, the fourth column identifies what probability of obtaining all the events is needed if we set all of them equal in order to pay off the debt service. The results vary between 59.5% and 63.5% depending on the rotating events.

Table 1

	Fair Share-9% (in $)	Isolate upper half (fair share)	Isolate lower half (fair share)	All equal
Positive	-2,683,409	73.5%	N/A	59.5%
Conservative	-2,775,009	76%	N/A	61.5%
Pessimistic	-2,866,609	78.5%	N/A	63.5%

Table 2 outlines the impact on total expected revenues of increasing the probability by 1%. If the probability of obtaining all the events is increased by 1%, total expected revenues will in turn increase by $52,933. If the same task is performed on the 16 top grossing events the impact is $41,328 and $11,305 for the 16 less profitable events.

Table 2

	Every Events	16 top profitable	16 less profitable
1% increment impact on revenues ($)	52,933	41,328	11,605

Table 3 shows what happens if the KHP gets the top 2 events, top 4 events, and so on. In the likelihood that the Park secures the rights of the 2 top grossing events, the annual debt would vary between $2,079,160 and $2,262,360. If the Park obtains the top 4 events, the expected debt falls between $1,200,160 and $1,383,360, and the debt keeps falling by about an half every time we add the next 2 events most profitable events.

Table 3

	Top 2 events ($)	Top 4 events ($)	Top 6 events ($)	Top 8 events ($)
Positive	-2,079,160	-1,200,160	-706,400	-259,520
Conservative	-2,170,760	-1,291,393	-797,633	-350,753
Pessimistic	-2,262,360	-1,383,360	-889,600	-442,720

Table 4 and the calculations following it shows that the arena can roughly be accountable for 50% for the WEG revenues since it accounts for 50% of the costs. Conservative estimate of the economic impact of the WEG has been fixed at $100 million by state officials. Economic impact is used in this case for money spent in Kentucky. As a result, it is possible to multiply it by the sales tax and then by the 50% share of the arena which would results in roughly $3 million in sales tax revenues.

Table 4

New Indoor Arena	$34,820,000
Hotel Conference Center	$27,500,000
Roads/Parking (Repair and build)	$4,300,000
Capital Maintenance Pool	$2,390,000
Acquire Land	$1,500,000
Stadium Jumping Area	$1,100,000
Design Campground Expansion Phase C and Amphitheater	$1,000,000
Total	**$72,610,000**

$71,213,000/ $34,820,000 = 2.09 ~ 50% share of WEG revenues associable with the arena

($100 million economic impact x .06 sales tax) x .5 share = $3 million sales tax revenues

Analysis

If the Park gets its fair share of events in anyone year, it would be very far from reaching its financial goal. In fact, the arena would only generate 17% of the debt service if it gets its fair share. By setting all the events' probabilities equal in the last column in **Table 1**, we see that to meet its debt service, the Park would need 7 times its fair share of events at the detriment of its competitors to end up even. These results give a grim picture of what might happen in the first 10 years of the arena. Indeed, it is hard to

imagine the KHP would get 7 times its fair share during the first 10 years of the existence of the arena.

As expected, **Table 2** shows us clearly that the top 16 grossing events have a much more important impact then the lower half. In fact, a 1% increase in the probability of the top 16 events has almost 4 times the impact on total expected revenues than the same change on the lesser 16 events would have. But **Table 3** reveals some even more interesting findings about the top grossing events. In the event that the Park secures the 2 most grossing events (Arabian Nationals and Morgan Nationals), it would be better off by some $600,000 than if it got its fair share of every events. If the Park was to obtain the 4 most grossing events, it would take care of half its debt service. These findings show how critical it is for the Park to focus its marketing events on a few events at first.

As a final point, the expected $3 million generated by the WEG could almost take care of the debt service for one year. Consequently, the WEG would not make much of a difference in the final equation and thus cannot be used as a viable argument for deficit.

Conclusion

By in large, the results of the model tell us that it is almost impossible to have the arena generate enough revenues-both directly and indirectly-to meet its debt service. The study also finds that the arena can only be responsible for $3 million of the sales tax revenues from the $100 million expected economic impact of the WEG and would therefore not have an important impact over the lifetime of the bond. It should however be mentioned that many Kentuckians will benefits from the increased economic activity during the Games. In addition, it should be mentioned that Kentucky will get major

international and national exposure from the WEG which could eventually trickle down to additional tourism and economic activity. Lastly, since the project is already well on its way, the results of the study would recommend to the KHP to focus its entire recruiting efforts on a few top grossing events to minimize the annual deficit caused by the arena. However,

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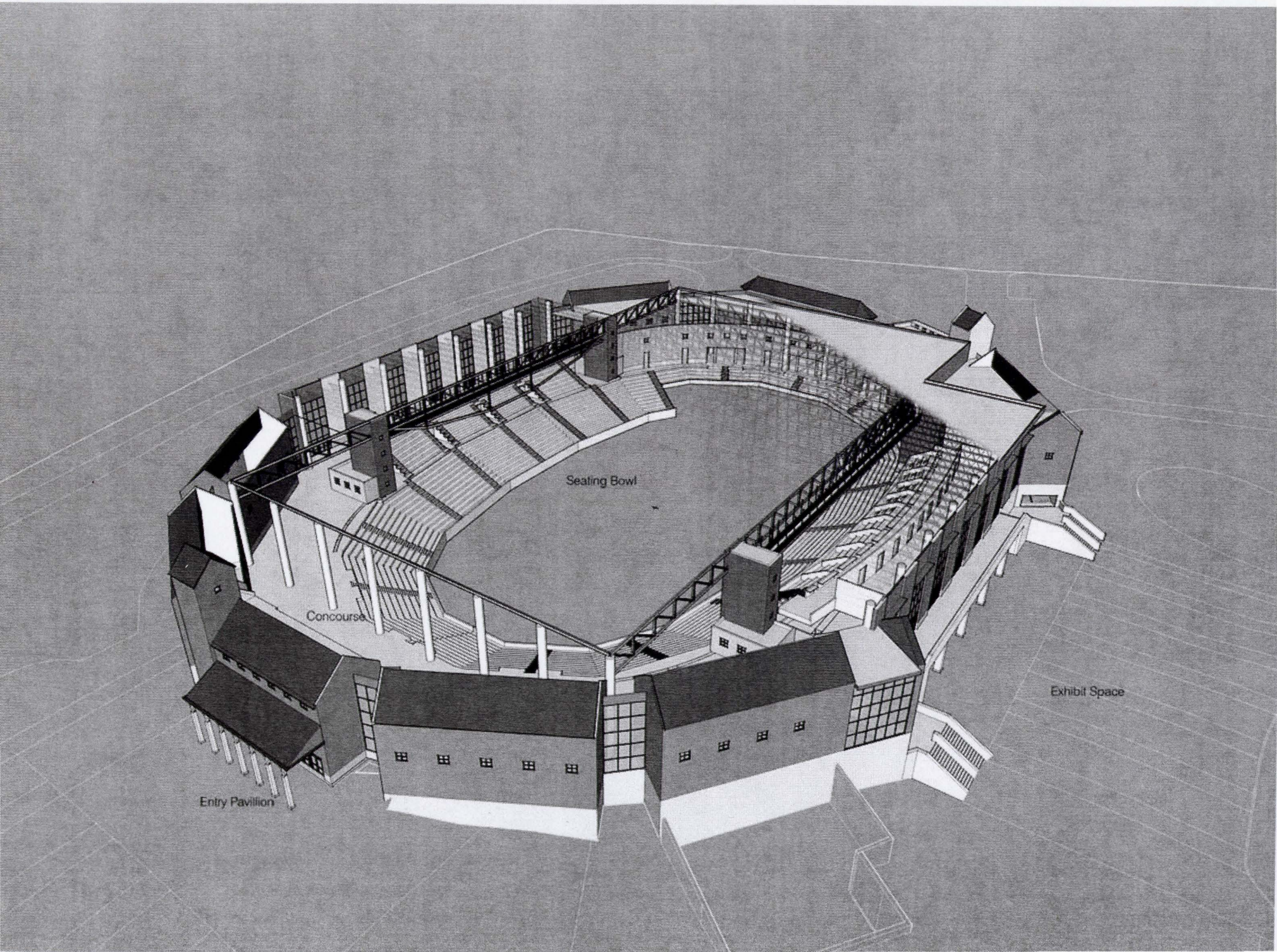
Sample Spreadsheet

Events	Competition	Rotates	D Probability	E net income ($)	ExpectedRevenue ($)	Avg. expec. Revenue	Days	Month(s)	J tickets sold	tax revenue	Horses
Equestrian Events targeted for Relocation to the new Arena											
Arabian Nationals	Tulsa		0	400,000			10	October	80,000		2,000
Morgan Nationals	Oklahoma City		0	240,000	0		8	Nov/Dec	40,000	0	1,200
FEI Reining World Championships	Oklahoma City		0	75,000	0		3	January	20,000	0	200
Hunter/Jumper Horse of the Year Show		new	0	60,000			6	December	12,000	0	1,000
World Cup Show Jumping		yes	0	50,000		20,000	3	April	15,000	0	100
National Show Horse Finals	Springfield, IL		0	50,000	0		5	September	20,000	0	500
National Reining Horse Regional Finals		yes	0	32,000		12,800	4	September	15,000	0	800
World Cup Dressage		yes	0	25,000		10,000	3	April	30,000	0	50
Rolse/USEF National Show Jumping Champ.		yes	0	24,000		9,600	6	August	8,000	0	400
Morgan Gold cup	Columbus, OH		0	24,000	0		4	June	30,000	0	300
USEF Dressage National Championships		yes	0	8,000		3,200	4	June	20,000	0	200
USEF Vaulting Championships		yes	0	5,000		2,000	?	August	1,000	0	10
USEF National Freestyle Championships		yes	0	4,000		1,600	4	March	10,000	0	100
				Sub-Total	**0**	**59,200**			**Sub-Total**	**0**	
Events that could come to the KHP and use smaller venues if events currently held at the KHP moved to the new Arena											
Paint Horse Nationals	Fort Worth		0	210,000	0		7	July	50,000	0	1,500
AQHA Bayer Select World Championships	Amarillo, TX		0	210,000	0		7	September	75,000	0	1,500
Pinto Nationals	Tulsa		0	200,000	0		10	June	30,000	0	1,000
U.S. Team Roping Championships		yes	0	150,000		60,000	5	September	50,000	0	1,500
National Cutting Horse Championships	Oklahoma City		0	150,000	0		5	Nov/Dec	25,000	0	1,500
Three State or Regional Specialty Breed Competitions			0	150,000	0		15		15,000	0	2,000
American Miniature Horse Nationals	Fort Worth		0	150,000	0		5	November	10,000	0	1,500
Junior League Horse Show	Red Mile		0	150,000	0		9	July	50,000	0	800
Paso Fino Nationals	Perry,GA		0	100,000	0		5	Aug/Sep	25,000	0	1,000
Two State or Regional Discipline Competitions			0	100,000	0		10		10,000	0	1,000
Draft Horse Nationals	Columbus, OH		0	100,000	0		5	January	10,000	0	1,000
Mountain Pleasure Horse Nationals	Perry,GA/Murfreesboro, TN		0	100,000	0		5	November	15,000	0	1,000
AQHA Regional Experience		yes	0	100,000		40,000	5	July	25,000	0	1,000
Welsh Cob American National			0	50,000	0		5	Sep/Oct	10,000	0	500
Four Clinics or Symposium type events			0	40,000	0					0	
Four Medium Size Concerts			0	40,000	0					0	
Winter Saddlebred Show		new	0	30,000	0		6	Jan/Feb	20,000	0	500
Friesian National	Lexington, VA		0	20,000	0		5	Jan/Feb	5,000	0	200
Andualusian Nationals	Fort Worth		0	20,000	0		5	Jan/Feb	5,000	0	200
				Sub-Total	**0**	**100,000**			**Sub-Total**	**0**	
				Total Revenue from Arena	**159,200**				**Total revenue from Sales Tax**	**0**	
									Sales Tax and Arena Revenues Combined	**159,200**	
									Debt Service	**3,343,000**	
									Annual Net Debt	**3,183,800**	

Name of Arena	Location	Capacity		Pricing		Setup/Tear down	Stalls
		Equine	non-equine	Equine	Non-equine		
Tennessee Miller Coliseum	Murfreesboro, TN	4,500	6,300	$900 first 3 days $450 thereafter	$1500 per day (clinic) $2500 if no stalls used	no charge	$12/day-first 3 days $6/day thereafter
State Fair Park	Oklahoma City, OK	4,400	4,400	$1,800 or 13% of ticket sales	same as equine	& still days are charged @ 50%	days 1-7: $50 days 7-14: $75
John Justin Arena	Fort Worth, TX	1,934		$1,500	$1,500	$750	days 1-7: $40 days 8-15: $50
Freedom Hall	Louisville, KY	14,456	19,169	$9,000 or 12% of ticket sales	same as equine	$4,500	$13 per day
Reaves Arena	Perry, GA	5,000	5,000	$800 plus other charges	$800	$400	$25/day-first 2 nights $30/day thereafter
The Show Place Arena	Upper Marlboro, MD	3,007	5,892	$2,400	$7,000-$13,000	$1,250	$15 per day


Seating Bowl
Concourse
Exhibit Space
Entry Pavilion